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SUBJECT: VIETNAMESE EXPORTERS WELCOME CPSC SAFETY STANDARDS MESSAGE

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Subject: (U) Vietnamese Exporters Receptive to CPSC Safety Standards Message

¶1. (SBU) Consumer product exports have been a central pillar of Vietnam's economic development success story -- in 2007 Vietnam was the 31st largest source of imports to the United States and the surprising leader in some products, candles for instance. So when Consumer Product Safety Commission Chair Nancy Nord came to Vietnam to explain new U.S. product safety regulations, local businesses turned out in force. Company managers said they are eager to understand and meet new U.S. safety regulations, in order to expand their exports to the United States. Their enthusiasm is creating a new market for internationally-certified product testing services in Vietnam and also slowly beginning the process of improving the safety of consumer product in Vietnam. End summary.

Exporters Flock to CPSC Seminars

¶2. (U) Consumer Product Safety Commission (CPSC) Chair Nancy Nord led a series of industry seminars from September 11-12 in Hanoi and September 15-17 industry seminars in Ho Chi Minh City (HCMC) to educate Vietnam's export sector about new U.S. consumer product safety regulations. The HCMC branches of the Vietnam Chamber of Commerce and Industry (VCCI) and Vietnam Textile and Apparel Association (VITAS) each played host to CPSC, drawing 120 and 130 company representatives respectively. Participants said they were looking to understand how the CPSC would implement new safety requirements. Chairman Nord explained product safety regulation in the United States, outlining new requirements in the Consumer Product Safety Improvement Act of 2008 ("CPSIA") including mandatory third party testing for children's products and textile production safety.

¶3. (SBU) Companies focused their questions on international harmonization of safety standards, chain of custody and liability, and expressed concern that new safety regulations be implemented in a way that does not disrupt trade. [Comment: The level of sophistication of these questions demonstrates the Vietnamese trade experts have matured dramatically from the days of diplomatic protests over catfish labeling or proscribed substances in seafood. End comment.] Chairwoman Nord urged Vietnamese producers to maintain an ongoing safety dialogue with their U.S. importers, saying this is a proven strategy for keeping abreast of changing safety regulations.

¶4. (U) The CPSC seminars were widely covered in the press, both in trade journals and in the mainstream media. Chairwoman

Nord's speech to HCMC University of Technology faculty and students resulted in reporting that cast proactive U.S.-Vietnam cooperation on consumer product safety standards as crucial to exporters and consumers, especially in light of growing worries of the safety of products from China, Vietnam's largest source of imports.

New Standards Improve Domestic Testing, even Quality

¶5. (U) Vietnamese companies recognize the need to meet standards, even at a steep cost. One furniture factory said it exports 80 percent of production to the European Union. To meet safety standards the company spends over USD 50,000 each year to air freight furniture samples to Germany for stability testing. The result is a production process aimed at European standards, but that provides better quality furniture for the domestic market as well and raises the bar for its local competition.

¶6. (U) Another spillover effect of stronger international product safety standards is increased demand for internationally-accredited Vietnamese laboratories capable of performing product safety testing. Representatives from international product safety testing firms expect the new U.S. requirements for independent testing of flammability and lead content of children's products, coupled with the high costs of international testing, will lead to more local laboratory testing capacity because locally-based firms employing Vietnamese technicians can offer equivalent testing services at 30 to 40 percent below international rates.

Comment:

¶7. (SBU) The Vietnamese press is currently seized with product safety issues -- soy sauce, unsafe helmets and tainted milk products -- creating a receptive environment for messages on the

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importance of ensuring product safety. The CPSC encountered audiences and press that were engaged and approachable. This bodes well for the Vietnamese exporters trying to successfully assimilate the latest regulatory changes and suggests that product safety seminars are effective tools for expanding Vietnamese exports and ensuring the safety of U.S. consumers. Growing concerns about the safety of Chinese imports creates a window of opportunity for Vietnamese producers to enhance the reputation of the 'made in Vietnam' brand and expand U.S. market share. End comment.

¶8. (U) This cable was coordinated with Embassy Hanoi.
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